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A Message from our Managing Director

The Sky is Still the Limit

I remember when I was still actively involved in recruitment many years ago, one of the questions I would always ask rookies was "Why do you want to become a property agent?". Of course, different rookies would give me different answers but one of the most common reasons given was that they wanted to earn more than what they were currently being paid. They believed that the harder they worked, the more they would earn. In another words, they believed the sky was the limit.

But now, I can sense that some associates are beginning to worry because of the drastic drop in recent transaction volumes in both the private residential and HDB resale markets. Some are even starting to think of a "Plan B" such as switching to another career or working as a part-time agent. I can understand the anxiety but I wish to share my views on this issue.

There are always two sides to the same coin. On one side, the recent changes to the government housing and loan policies have more structural impact and might force or influence home buyers to be more financially prudent or opt for Build-To-Order (BTO) flats. On the other side, these changes could also create new opportunities for those of us within the real estate sector.

First, HDB transaction volumes are expected to hold up or even increase in the later part of this year or early next year. This is because around 60 to 70% of the BTO, Design Build and Sell Scheme and Executive Condominium (EC) buyers are second-timers and will have to let go of their HDB flats within six months of collecting the keys to their new flats. Bearing in mind that around 14,308 BTO and EC homes are expected to be completed this year, this means that there will be at least 8,500 to 10,000 HDB flats available for sale in the resale market.

Second, transaction volumes within the HDB market might possibly return to peak levels eventually. This is because many HDB owners who bought BTO flats at "off-market prices" would want to realise their profits or upgrade to private condominiums or ECs after they fulfil the Minimum Occupancy Period. In this scenario, we are referring to the more than 20,000 owners who purchase BTOs annually.

Third, many owners of private residential projects that will soon receive their Temporary Occupancy Permit prefer to lease out their units in the first two years, in order to avoid paying the Seller's Stamp Duty (SSD) tax. This substantial increase in rental supply will probably be absorbed by the significant increase in rental demand that is likely to occur due

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to the stringent housing policies for foreigners and Permanent Residents (PRs). This is assuming the scenario where the government will continue to add 30,000 PRs a year but these PRs can't purchase any HDB resale flat within 3 years.

Fourth, more home owners would want to do a "swap" when they upgrade to another property due to the Additional Buyers Stamp Duty and Total Debt Servicing Ratio. This would enable salespeople to earn two set of commissions if they serve the customers for both deals.

Last but not least, with the market turning from a sellers' market to a buyers' market, associates can request for higher commissions for the increased marketing efforts they will be expected to carry out.

These are just some of the bright spots that might appear due to the market changes. I am sure that many of our leaders can help their associates to analyze the various issues from different perspectives. Therefore, I encourage all OrangeTee associates to stay focused and not be distracted by considering a "Plan B". Instead, we should identify the new opportunities and channel our valuable resources into positive results. Make no mistake, a career in real estate industry is still rewarding - still, the sky is the limit.

Cheers!

Steven Tan

Managing Director
OrangeTee Group



Launched: OrangeTee Mobile!

By **Bill Leung**
IT Department

In December 2012, OrangeTee's board decided to embark on the development of an OrangeTee mobile app. A focus group, consisting of technical personnel, tech-savvy associates and management team members, was formed to provide insights and assist in the development of the new project.

With the benefits of both our associates and patrons in mind, the group concluded and recommended that informational modules like *Property Search*, *Project*

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OrangeTee Services

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Is freehold property always better?

Apart from location, the next most important question on home purchaser's mind is probably the tenure of the property.

In Singapore, there are generally two types of tenure: 99-year leasehold and freehold. We consider 999-year leasehold to be the same as freehold, because their difference in value is negligible and banks will not impose any loan limits even if the lease runs into a few hundred years.

Freehold properties hold a few advantages over its leasehold counterparts -- higher en bloc potential, slower pace of depreciation and no restrictions on the use of Central Provident Fund (CPF) for home purchases.

In recent years, new leasehold condominiums seem to have dominated the market. The proportions of new leasehold and freehold condominium sales stand at 95% to 5% respectively as at first half of 2013. In contrast, back in 2006 and 2007, around 70% of new sales were freehold. The reversal could be attributed to the ramp-up of Government Land Sales (GLS) programme in recent years and the tightening of en bloc rules in October 2007.

Proponents of freehold properties might argue that price appreciation of freehold

properties always outstrips its leasehold counterparts. This is because leasehold properties will depreciate over the course of its lease. However, according to our research, the rate of depreciation is not so straightforward, and can be influenced by numerous factors such as location, product quality etc.

Looking at the data for condominiums, it seems that freehold condominiums might not always enjoy superior price appreciation over its leasehold counterpart. Out of the three property upcycles identified, freehold index only outperformed leasehold index over one cycle between 3Q2006 and 2Q2008. This is the period just before the Global Financial Crisis (GFC) when en bloc sales reached all-time high in terms of number of deals and transaction values. During this upcycle, freehold properties moved up 54%, outperforming leasehold properties which only appreciated 39%. For the other two upcycles, en bloc activities were fairly muted with fewer deals and much lower transaction values. We can thus infer that en bloc potential plays a key role in determining the price performance of leasehold and freehold properties.

During GFC, freehold

condominiums lost 27% of their value compared to 24% for leasehold condominiums. Upon analysing the downcycles, an observation is that irregardless of tenure, the higher the price appreciation during the upturn, the greater the fall during the downturn. This was what happened to leasehold properties during the dotcom crash between 3Q2000 and 2Q2002. The prices of leasehold condominiums gained 46% as compared to a milder 38% for freehold condominiums before the dotcom crash. However, leasehold condominiums fell almost twice as much as freehold counterparts during the subsequent downturn.

Now with the GLS in full swing and a fairly muted en bloc market, prices of freehold condominiums have underperformed that of leasehold condominiums. Since the trough of the last downturn, prices of freehold condominiums have risen by 48%, a tad lower than the 59% achieved by leasehold condominiums.

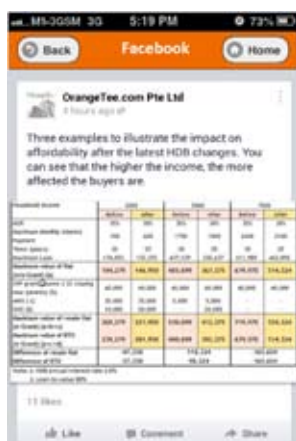
However, the performance of terrace houses seems to paint a different picture. Freehold terrace houses have outperformed leasehold terrace houses in all periods identified except for the downturn during dotcom crash. Freehold terrace houses

seem more resilient compared to leasehold terrace houses in downturns and performed better in good times.

So, which is better, freehold or leasehold? Based on the analysis provided above, the answer depends on whether one is buying a landed or non-landed property. If one is considering a landed property, historical data shows that freehold might be a better choice. If one is buying a leasehold non-landed property in the current upcycle, it seems that leasehold property could help to lock in more percentage gains if he/she buys and sells at the right time. This however, requires an in-depth market knowledge and excellent execution strategy.

Indeed, it is never easy to determine which property tenure is better, as property values are influenced by multiple factors. However, if we assume all else being equal, freehold property will always command a premium over leasehold property because of the advantages it is associated with. Nevertheless, buyers should not shy away from leasehold properties, as well-maintained leasehold properties in excellent locations may potentially deliver superior returns on investment over freehold properties with less desirable attributes. ■

Date	Description	Period (Quarters)	FH Condo	LH Condo	FH Terrace	LH Terrace
1999Q1 to 2000Q2	Pre Dot Com Crash	6	38%	46%	40%	38%
2000Q3 to 2002Q2	Dot Com Crash	8	-13%	-25%	-18%	-9%
2003Q1 to 2004Q1	SARS period	5	-4%	-3%	-3%	-4%
2006Q3 to 2008Q2	Pre Global Financial Crisis	8	54%	39%	34%	27%
2008Q3 to 2009Q2	Global Financial Crisis	4	-27%	-24%	-16%	-18%
2009Q3 to 2013Q2	Post Global Financial Crisis	16	48%	59%	97%	63%
1998Q2 to 2013Q2	Full history	58	104%	97%	160%	106%



OrangeTee's Facebook fans exceeded 5,300

By **Christine Li**, Research & Consultancy Department

Have you noticed that OrangeTee's Facebook page looks a lot more refreshing nowadays, with daily updates that keep you better informed of what is happening in the real estate market?

Since August, we have started beefing up the content on our Facebook page and it now features the latest market research findings, project launches, and financial and legal tips from bankers and lawyers. The newly-revamped page has also taken on a more sophisticated look which has made it more visually appealing.

The revamp was mooted by our Managing Director Mr Steven Tan and Executive Director Mr Bill Leung. A social media core committee was then set up, comprising representatives from various departments including the training, research, IT, human resource, projects departments. The team is headed by Ms Christine Li from the Research team. Through the team's combined effort, OrangeTee's Facebook page has garnered more likes from fans in both the local and regional real estate communities, with our fan base increasing more than five fold over the last three months.

We aim to provide the latest happenings in the property market throughout the work week so that real estate professionals will be well-equipped with market knowledge to handle real estate deals.

Like our Facebook page now at <https://www.facebook.com/OrangeTee>.

Charting new growth with OrangeTee

By **Michael Peh**, Agency Department

I was born into a family that held strong beliefs in values and culture, something that later led to me serving in the Singapore Armed Forces (SAF) for almost 28 years. A Commando Officer by vocation, I was able to take on local and overseas opportunities to develop leadership, organization and management duties in command, and also take on staff and instructional appointments.

After retiring from the SAF, I joined the Singapore Examination and Assessment Board (SEAB) but after about three months, I was offered the chance to help reorganize and manage Huttons, a challenge I relished.

After almost six years, I decided to leave Huttons and joined OrangeTee on July 13 this year. I believe OrangeTee is an agency that is second to none - it promotes a good culture, values and system. The company also provides excellent facilities and recognises that strong leadership, coupled with a sense of integrity, is paramount to creating sustained long-term growth within the organisation.

Success and monetary gain will be short-lived if our actions and behaviors are not in line with the company's values, and this in turn will affect the quality of our professional relationships. Our values identify who we are and what we stand for, therefore our actions and behavior must always be anchored to our core values. By preserving our core set of values while encouraging organisational progress, we will be able to create the capacity for OrangeTee's sustained long-term growth.

Hence, I firmly believe in the quality of relationships, the team spirit, mutual respect and trust that has been cultivated within OrangeTee. It has led to a high level of communication, which has enabled higher standards of thinking, planning, actions and resulted in the ability to achieve higher levels of success.

Finally, while we count the trees, we must also not lose sight of the forest! ■

“Our values identify who we are and what we stand for, therefore our actions and behavior must always be anchored to our core values.”



LegoLand with Club Rainbow

By **Madeleine Seow**, Marketing and Communications Department

Sometime in mid-2012, our Corporate Social Responsibility team found out that many children from Club Rainbow Singapore dreamed of visiting LegoLand in Malaysia. Organising an overseas trip for the children is an enormous task, requiring not only immense co-ordination, but also the willingness to take on the heavy responsibility of ensuring their safety.

However, we did not take long to decide that we want to realize the children's simple wishes. All we had to do is carry out our plans immaculately, gather enough resources and not take any possible issues for granted.

The first task of securing sponsors for this trip was smooth-sailing. A big thank you to our more than 100 sponsors from the management team, staff & associates; you have given the children an unforgettable gift! Our next task was to recruit volunteers... another easy task given the active participations from Orangeans, Club Rainbow staff and even some nurses and a doctor. The immigration procedures, transportation and other associated issues were the final challenges we had to tackle.

On June 25, we were all ready to carry out the big trip. But even our best laid plans could

not have prepared us for the haze problems faced by Singapore and Malaysia. As a result, we had to postpone the trip to the next school holiday in September. I have to say, the close to three-month wait has fuelled the children's fiery anticipations and they were wild with excitement when the 10th September finally arrived!

The group of 120 of us started the day by meeting up at Jurong East at 8.30am. Along the way, the children were briefed and we tucked into an enjoyable breakfast on the buses. Crossing both immigration checkpoints with a bunch of excited children was a bit of a challenge, but we arrived at LegoLand on schedule at 11am.

Once we arrived at the destination, we gave the children as much freedom as possible, allowing them to go on rides, to wander, to squirt and splash, to explore and make the most of their day-long voyage of discovery. The laughter and sweaty faces were enough to tell us that they all had a great day.

It was a long and tiring experience and by the time our buses sent the children back to the Jurong East and City Hall drop-off points, it was already well past 7pm. We hope the kids all had a good rest and we definitely look forward to bringing all of you out again! ■



Top Achievers 2013 Q2



Delphine Tan First
Julin Tan Second
Tan Tjia Hin Third
Danny Koh Fourth
Delvin Lim Fifth
Frank Wong Sixth



Sandy Koh Seventh
Michael Ciola Eighth
Agnes Lim Ninth
Shelly Koh Tenth
June Leng Top Lister
Frankie Tan Top Rookie
Alan Leong & Associates Top Recruiting Group

Top SGADs

Top GADs



Alan Leong Top
Chipson Ma 1st Runner Up
Lawrence Tan 2nd Runner Up
Lester Tan Top
Ryan Heng 1st Runner Up
Jasmine Png 2nd Runner Up

Top STADs

Top TADs



Roland Tai Top
Brendon Chia 1st Runner Up
Desmond Chong 2nd Runner Up
Dan Koh Top
Neon Seah 1st Runner Up
Daniel Tan 2nd Runner Up

INTERNATIONAL PROJECTS

By **Johnny Chng**, International Projects Department

MANILA, THE PHILIPPINES

Greenbelt Hamilton

Greenbelt Hamilton is a 31-story residential tower located at the heart of Makati City, with a striking blue façade rendered in glass and concrete.

Greenbelt Hamilton is developed with a focus on the cosmopolitan lifestyle, and residents get full access to the exhilarating Makati lifestyle. As the business and entertainment capital of Philippines, Makati City is a futuristic hub of dining establishments, five-star hotels, the hottest nightspots and top shopping malls.

The project's location allows you easy access to both work and play with ease and residents will enjoy hassle free commute to Makati's power centres. Getting around has never been easier. A vibrant art and music scene is never more than a few minutes away, with easy access to Legaspi Park, Washington Sycip Park and Greenbelt's hot spots.



Paseo Heights

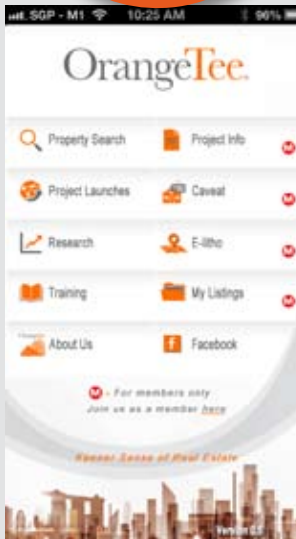
Situated in the city of Makati in Philippines, within the Central Business District (CBD), Paseo Heights is a pre-furnished condominium overlooking the park and the Makati Cityscape. This allows residents the opportunity to experience a new aspect of living in the CBD.

Rising along San Agustin and L.P Leviste streets, the project has access to an efficient road network which leads to the main avenues. Paseo Heights is located right across Jamie C. Velasquez Park and you'll have an array of dining options at the nearby Salcedo Village which comprises of many multicultural restaurants.

Paseo Heights premium location means you'll have instant links to the financial heart and the cultural core of the CBD, allowing you to be part of an exclusive circle of corporate go-getters, trendsetting sophisticates and high-ranking expatriates that define the energy and vibrancy of the city.

For more information, please contact:
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Launches, Project Info, Caveat, and Listing Posting would be the first to be developed during the project's initial phase. These modules are the most popular among our associates and members of the public and they would attract instant interest and bring about tangible benefits to the early users of our mobile app. We believed that when these users were able to benefit from the app, they would continue to use it and recommend others to do so as well.

We met with several unforeseen major challenges during the development process but as a team, we enthusiastically worked towards overcoming them. Due to the inherent differences between smartphone and Windows platforms, we realized that major revamps would need to be carried out, especially on the existing Project Info and Listing modules before they could be accessed on mobile gadgets. These difficulties pushed us to streamline and improve the existing modules and as a result of the revamps, we are now able to meet the needs of our associates more effectively.

We are now pleased to present the OrangeTee Mobile app for both Apple iOS and Android smartphones. This is however by no means a perfect app; in time to come, more fine-tuning and improvements will have to be made to the existing functions. We will not stop here but will continue to update and add more features onto this app. For instance, *Research* and *Training* modules will be included in the next development phase which is due to launch this October. If our map partner is ready, we will also bring *E-litho* to this new phase.

In the meantime, do download the app and start using it on your smartphones. We also encourage you to use the "Facebook" button to connect to OrangeTee's official Facebook page and "like" us!